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NORTHERN DISTRICT OF CALIFORNIA

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

CANTER & ASSOCIATES, LLC, and  
LAUREATE EDUCATION, INC.,

Case No.:

RS

C 07 3225  
Plaintiffs,

COMPLAINT FOR INJUNCTIVE  
RELIEF AND DAMAGES

v.

TEACHSCAPE, INC.,

JURY DEMAND

Defendant.

CERTIFICATE OF INTERESTED  
PARTIES

Plaintiffs Canter & Associates, LLC (formerly Canter & Associates, Inc. and  
hereinafter referred to as "Canter") and Laureate Education, Inc. (hereinafter referred to as  
"Laureate") (hereinafter referred to collectively as "Plaintiffs") allege as follows:

**JURISDICTION AND VENUE**

1. The Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and  
1338, and supplemental jurisdiction over the related state law claims alleged herein

1 pursuant to 28 U.S.C. § 1367 because they form part of the same case or controversy as the  
 2 claims for false or misleading advertising under the Lanham Act and copyright infringement  
 3 under the Copyright Act.

4 2. Venue is proper pursuant to 28 U.S.C. § 1391(b), because the Northern  
 5 District of California is a judicial district in which a substantial part of the events giving rise  
 6 to the claims alleged herein occurred, and because Defendant Teachscape, Inc.  
 7 (“Teachscape”) has its principal place of business in this judicial district.

#### 8 **INTRADISTRICT ASSIGNMENT**

9 3. Because this action is an Intellectual Property Action within the meaning of  
 10 Civil Local Rule 3-2(c), the action is to be assigned on a district-wide basis.

#### 11 **THE PARTIES**

12 4. Canter is a corporation organized and existing under the laws of the State of  
 13 Delaware, with its principal place of business in Los Angeles, California. Canter is  
 14 indirectly owned by Laureate. Laureate is a corporation organized and existing under the  
 15 laws of the State of Maryland, with its principal place of business in Baltimore, Maryland.

16 5. Plaintiffs are informed and believe that Teachscape is a Delaware corporation  
 17 with its principal place of business in San Francisco, California.

#### 18 **FACTUAL BACKGROUND COMMON TO ALL CLAIMS**

19 6. Laureate is a leader in the post-secondary education market and offers online  
 20 degree programs throughout the United States and internationally. One of Laureate’s main  
 21 focuses is on the development and marketing of distance-delivered education master’s  
 22 degree programs and graduate courses for teachers. Canter is a subsidiary of Laureate that  
 23 provides such degree programs and graduate courses.

24 7. After approximately April 2004, Teachscape hired, or contracted with, at least  
 25 twelve former employees of Canter (collectively “Canter’s Former Employees”), including:

26 (1) Valerie Cameron, who was formerly employed by Canter as its  
 27 Marketing Manager, Distance Learning Masters Program and who, upon information and  
 28

1 belief, afterward was or is currently employed by, or is an independent contractor of,  
2 Teachscape;

3 (2) Anna Crupi, who was formerly employed by Canter as its Marketing  
4 Manager, Distance Learning Masters Program and who, upon information and belief,  
5 afterward was or is currently employed by, or is an independent contractor of, Teachscape;

6 (3) Barbara DeHart, who was formerly employed by Canter as its Program  
7 Specialist in Product Development and who, upon information and belief, afterward was or  
8 is currently employed by Teachscape;

9 (4) Suddie Gossett, who was formerly employed by Canter as its Distance  
10 Learning Masters Field Representative and who, upon information and belief, afterward  
11 was or is currently employed by, or is an independent contractor of, Teachscape;

12 (5) Melissa Jaivin, who was formerly employed by Canter as its Vice  
13 President, Distance Learning Masters Programs and who, upon information and belief,  
14 afterward was or is currently employed by Teachscape as a Vice President, Higher  
15 Education;

16 (6) Hae Young Kim, who was formerly employed by Canter as its Vice  
17 President, Graduate Courses and who, upon information and belief, afterward was or is  
18 currently employed by Teachscape as Vice President, Sales & Marketing, Higher  
19 Education;

20 (7) Stacey McNalley, who was formerly employed by Canter as its  
21 Director of Enrollment Advisors and Director of Business Development and, upon  
22 information and belief, afterward was or is currently employed by Teachscape;

23 (8) Romario Pineda, who was formerly employed by Canter as its Manager  
24 of Operations, Distance Learning Masters and who, upon information and belief, afterward  
25 was or is currently employed by, or is an independent contractor of, Teachscape;

26 (9) Brenda Pope-Ostrow, who was formerly employed by Canter as its  
27 Director, Editorial Services and who, upon information and belief, afterward was or is  
28 currently employed by Teachscape;

1 (10) Mike Soules, who was formerly employed by Canter as its Vice  
2 President, Business Development and who, on information and belief, afterward was or is  
3 currently employed by Teachscape as General Manager, Higher Education;

4 (11) Chip Swalley, who was formerly employed by Canter as its Course  
5 Materials Coordinator, Inventory Planning & Fulfillment Services and who, upon  
6 information and belief, was or is currently employed by, or is an independent contractor of,  
7 Teachscape; and

8 (12) Simone Vilandre, who was formerly employed by Canter as its  
9 Distance Learning Masters Field Representative and who, upon information and belief,  
10 afterward was or is currently employed by Teachscape.

11 8. Among Canter's Former Employees are several of Canter's long term, key  
12 employees who were integral to the development of Canter's education master's degree  
13 programs and graduate courses for teachers. While employed there, Canter's Former  
14 Employees were instrumental in every aspect of Canter's degree program development,  
15 including contract negotiations, partnership development, market research, product  
16 marketing, product development, and recruiting efforts with respect to Plaintiffs' teaching  
17 degrees and graduate courses.

18 9. Soon after its engagement of Canter's Former Employees, but unbeknownst to  
19 Plaintiffs, Teachscape began to develop and market distance-delivered master's degree  
20 programs and graduate courses for teachers that appear to be very similar, if not identical, to  
21 those offered by Canter. Teachscape's marketing efforts appear to have been directed  
22 solely at Canter's long-term university partners. Teachscape had no degree program or  
23 graduate course business prior to its engagement of Canter's Former Employees.

24 10. Canter invested years of market research and substantial financial resources  
25 into an analysis of the educational marketplace. As part of this investment, Canter  
26 developed two three-year strategic plans, with the assistance of some of Canter's Former  
27 Employees. The strategic plans contained information regarding lucrative markets, as well  
28 as those market segments that Canter had determined were not profitable to pursue. Also

1 included in the strategic plan were methods for increasing enrollment and thus the  
2 profitability of Canter's long-term relationships with various educational institutions.  
3 Within months of formulating the most recent three-year plan, however, the majority of the  
4 individuals responsible for its development had obtained positions at Teachscope.

5 11. Although it had never before offered teachers' graduate level courses or  
6 master's degrees in teaching, Teachscope began to negotiate agreements to offer these  
7 programs to Canter's most profitable customers within months of hiring Canter's Former  
8 Employees. The programs Teachscope offered also were in the same areas as those offered  
9 by Canter. By using Canter's confidential information, Teachscope was able to focus only  
10 on the partnerships and course offerings and programs that were profitable, thereby  
11 avoiding the waste of time and resources on markets and programs that, through years of  
12 research and analysis, Canter had already learned were not profitable. Overnight,  
13 Teachscope was able to enter a market that Canter had spent years to develop—by utilizing  
14 the knowledge of Canter's Former Employees.

15 12. In the course of developing relationships with its graduate course and  
16 distance-delivered education master's degree program partners, Canter learned, at great cost  
17 and effort, the particular requirements and preferences of each partner. This information  
18 was not generally known to the public, and Canter went to great lengths to keep this  
19 information confidential. Canter's Former Employees had access to this information during  
20 their employment with Canter.

21 13. Canter developed various Corporate Investment Proposals, incorporating  
22 proprietary and confidential research that it had done regarding the importance of targeting  
23 Reading, Literacy and Mathematics as degree program growth areas. The access to this  
24 information by Canter's Former Employees resulted solely from their employment with  
25 Canter. In addition, Canter developed several programs for master's degrees with  
26 concentrations in Math and Reading ("Math and Reading degrees"). The development of  
27 the Math and Reading degrees was accomplished at great cost and effort to Canter.  
28 Although before hiring Canter's Former Employees, Teachscope had not offered a master's

1 program in teaching, within months of employing them, Teachscope offered graduate level  
2 courses and then a Masters in the Art of Teaching degree with a concentration in Reading  
3 and Literacy and a concentration in Mathematics. Plaintiffs are informed and believe that  
4 Teachscope relied upon and/or otherwise used information obtained by Canter's Former  
5 Employees as a result of their employment with Canter in creating the course program and  
6 corresponding materials.

7 14. Canter also developed a master's degree with a focus on Curriculum,  
8 Instruction and Assessment (the "CIA degree"). The development of the CIA degree was  
9 also accomplished at great cost and effort to Canter. Although before hiring Canter's  
10 Former Employees, Teachscope had not offered a master's degree program in teaching,  
11 within months of employing them, Teachscope announced its intention to offer a graduate  
12 level course and then a Masters in the Art of Teaching degree with a concentration in  
13 Curriculum, Instruction and Assessment. Plaintiffs are informed and believe that  
14 Teachscope relied upon and/or otherwise used information obtained by Canter's Former  
15 Employees as a result of their employment with Canter in creating this course and its  
16 materials.

17 15. Furthermore, upon information and belief, Teachscope immediately offered its  
18 new programs to one of Canter's long-term partners, Marygrove College ("Marygrove").  
19 The terms of the agreement between Marygrove and Canter were confidential. Canter is  
20 informed and believes that Teachscope and Canter's Former Employees misused Canter's  
21 confidential information to offer Masters of Art in Teaching degree programs in partnership  
22 with Marygrove. Canter is further informed and believes that Teachscope and Canter's  
23 Former Employees misused the confidential contract terms between Canter and Marygrove  
24 to negotiate with Marygrove on more favorable terms.

25 16. In or about September of 2006, Canter learned that Teachscope had  
26 announced it would offer Math and Reading degrees through a partnership with Marygrove  
27 beginning in 2007. The contract between Canter and Marygrove required Marygrove to  
28 first offer any such opportunity to Canter on the same terms that it proposed to offer to a



1 third party. As no such offer had or ever did occur, this announcement reflected a breach by  
2 Marygrove of its agreement with Canter. Moreover, at least one of Canter's Former  
3 Employees was fully aware of this requirement in the terms of the Canter-Marygrove  
4 contract.

5 17. On or about September 2006, Canter also learned that Teachscope was  
6 preparing to offer a CIA degree through Marygrove. This directly contravened the terms of  
7 the Canter-Marygrove contract, which specified that the CIA degree would be supplied to  
8 Marygrove exclusively by Canter during the contract's term. Jaivin and perhaps others  
9 among Canter's Former Employees were fully aware of this term of the contract as a result  
10 of their employment with Canter.

11 18. Indeed, though it had never offered any master's degree programs before,  
12 Teachscope marketed its CIA degree offered through Marygrove as "updated."

13 19. By marketing a degree offered through Marygrove College as "updated,"  
14 Teachscope's advertising was untrue and misleading and likely to deceive the public in that  
15 it implied that Teachscope's courses were updates or improvements of courses previously  
16 offered at Marygrove. In fact, the only degree courses previously offered through  
17 Marygrove were those offered in partnership with Canter. Thus, any reference to "updated"  
18 Teachscope materials was untrue and misleading.

19 20. As a result of the conduct alleged above, Plaintiffs contacted both Teachscope  
20 and Marygrove and inquired about the degree offerings Teachscope intended to launch  
21 through Marygrove in early 2007. Marygrove denied the existence of any relationship  
22 between Marygrove and Teachscope. Marygrove further stated that it had no knowledge of  
23 any degree offerings by Teachscope through Marygrove that would be launched in 2007.  
24 Teachscope, on the other hand, did not deny the relationship, but claimed that it was  
25 unaware that its intended degree offerings through Marygrove in any way interfered with  
26 any contractual obligations between Canter and Marygrove, despite the fact that several of  
27 its key employees involved in the Marygrove transaction had negotiated the very terms at  
28 issue.

21. Despite taking the strategy of denying any wrongdoing, Teachscape nonetheless thereafter withdrew its offering of the CIA program for the year 2007, implicitly acknowledging that the offering of the CIA degree program was a breach of the Canter-Marygrove contract. Upon information and belief, Teachscape also wrongfully induced Marygrove to breach its contract with Canter by agreeing to offer the Math and Reading programs on terms other than those offered to Canter, in violation of the parties' right of first refusal provision.

22. Upon information and belief, Plaintiffs further believe that Teachscape has engaged in the conduct alleged herein with respect to some or all of Plaintiffs' other profitable contractual relationships.

23. Canter's Former Employees were well aware of their duty of confidentiality to Canter. Each and every one of Canter's Former Employees signed Confidentiality Agreements upon commencing work with Canter. Furthermore, Teachscape knew or had reason to know that Canter's Former Employees had a continuing duty of confidentiality towards Canter, in part because it was so advised by Plaintiffs.

24. The distance-delivered education master's degree programs and graduate courses developed by Laureate contain wholly original material and are copyrightable subject matter under the laws of the United States. The following copyrights (hereinafter referred to collectively as "AudioVisual and Online Course Materials") are duly owned by and issued to Laureate:

(1) Title: Elementary Mathematics: Data Analysis and Probability; Class: Literary Work; Registration No. TX 6-524-253; Registration Date: April 10, 2007;

(2) Title: Number and Operations, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-254; Registration Date: April 10, 2007;

(3) Title: Geometry and Measurement, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-255; Registration Date: April 10, 2007;

(4) Title: Data Analysis and Probability, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-256; Registration Date: April 10, 2007;



(5) Title: Algebra, Grades 6-8; Class: Literary Work; Registration No. TX 6-524-257; Registration Date: April 10, 2007;

(6) Title: Designing Curriculum, Instruction and Assessment, Part 1; Class: Literary Work; Registration No. TX 6-524-258; Registration Date: April 10, 2007;

(7) Title: Elementary Mathematics: Algebra; Class: Literary Work; Registration No. TX 6-524-259; Registration Date: April 10, 2007;

(8) Title: Elementary Mathematics: Geometry and Measurement; Class: Literary Work; Registration No. TX 6-524-260; Registration Date: April 10, 2007;

(9) Title: Designing Curriculum, Instruction and Assessment, Part 2; Class: Literary Work; Registration No. TX 6-524-261; Registration Date: April 10, 2007;

(10) Title: Elementary Mathematics: Number and Operations; Class: Literary Work; Registration No. TX 6-524-262; Registration Date: April 10, 2007;

(11) Title: Supporting the Struggling Reader; Class: Literary Work; Registration No. TX 6-524-263; Registration Date: April 10, 2007;

(12) Title: Planning and Managing the Classroom Literacy Program; Class: Literary Work; Registration No. TX 6-524-264; Registration Date: April 10, 2007;

(13) Title: Instructional Models and Strategies; Class: Literary Work; Registration No. TX 6-524-265; Registration Date: April 10, 2007;

(14) Title: Foundation of Reading and Literacy Development; Class: Literary Work; Registration No. TX 6-524-266; Registration Date: April 10, 2007;

(15) Title: Strategies for Literacy Instruction, Part 1; Class: Literary Work; Registration No. TX 6-524-267; Registration Date: April 10, 2007;

(16) Title: Strategies for Literacy Instruction, Part 2; Class: Literary Work; Registration No. TX 6-524-268; Registration Date: April 10, 2007;

(17) Title: Teacher As Professional; Class: Literary Work; Registration No. TX 6-524-269; Registration Date: April 10, 2007;

(18) Title: Collaborative Action Research; Class: Literary Work; Registration No. TX 6-524-270; Registration Date: April 10, 2007;

1 (19) Title: Habits of Mind: Thinking Skills to Promote Self-Directed  
2 Learning; Class: Literary Work; Registration No. TX 6-524-271; Registration Date: April  
3 10, 2007;

4 (20) Title: Effective Teaching Using Learning Styles and Multiple  
5 Intelligences; Class: Literary Work; Registration No. TX 6-524-272; Registration Date:  
6 April 10, 2007;

7 (21) Title: Habits of Mind: Thinking Skills to Promote Self-Directed  
8 Learning; Class: Performing Arts; Registration No. PA 1-367-170; Registration Date: April  
9 10, 2007;

10 (22) Title: Collaborative Action Research; Class: Performing Arts;  
11 Registration No. PA 1-367-171; Registration Date: April 10, 2007;

12 (23) Title: Effective Teaching Using Learning Styles and Multiple  
13 Intelligences; Class: Performing Arts; Registration No. PA 1-367-172; Registration Date:  
14 April 10, 2007;

15 (24) Title: Teacher As Professional; Class: Performing Arts; Registration  
16 No. PA 1-367-173; Registration Date: April 10, 2007;

17 (25) Title: Instructional Models and Strategies; Class: Performing Arts;  
18 Registration No. PA 1-367-174; Registration Date: April 10, 2007;

19 (26) Title: Foundations of Reading and Literacy; Class: Performing Arts;  
20 Registration No. PA 1-367-175; Registration Date: April 10, 2007;

21 (27) Title: Strategies for Literacy Instruction, Part 1; Class: Performing  
22 Arts; Registration No. PA 1-367-176; Registration Date: April 10, 2007;

23 (28) Title: Strategies for Literacy Instruction, Part 2; Class: Performing  
24 Arts; registration number PA 1-367-177; Registration Date: April 10, 2007;

25 (29) Title: Supporting the Struggling Reader; Class: Performing Arts;  
26 Registration No. PA 1-367-178; Registration Date: April 10, 2007;

27 (30) Title: Planning and Managing the Classroom Literacy Program; Class:  
28 Performing Arts; Registration No. PA 1-367-179; Registration Date: April 10, 2007;

(31) Title: Designing Curriculum, Instruction, and Assessment, Part 2;  
Class: Performing Arts; Registration No. PA 1-367-180; Registration Date: April 10, 2007;

(32) Title: Elementary Mathematics: Number and Operations, Grades K-5;  
Class: Performing Arts; Registration No. PA 1-367-181; Registration Date: April 10, 2007;

(33) Title: Elementary Mathematics: Geometry and Measurement, Grades  
K-5; Class: Performing Arts; Registration No. PA 1-367-182; Registration Date: April 10,  
2007;

(34) Title: Algebra, Grades K-5; Class: Performing Arts; Registration No.  
PA 1-367-183; Registration Date: April 10, 2007;

(35) Title: Elementary Mathematics: Data Analysis and Probability, Grades  
K-5; Class: Performing Arts; Registration No. PA 1-367-184; Registration Date: April 10,  
2007;

(36) Title: Number and Operations, Grades 6-8; Class: Performing Arts;  
registration number PA 1-367-185; Registration Date: April 10, 2007;

(37) Title: Geometry and Measurement, Grades 6-8; Class: Performing  
Arts; Registration No. PA 1-367-186; Registration Date: April 10, 2007;

(38) Title: Algebra, Grades 6-8; Class: Performing Arts; Registration No.  
PA 1-367-187; Registration Date: April 10, 2007;

(39) Title: Data Analysis and Probability, Grades 6-8; Class: Performing  
Arts; Registration No. PA 1-367-188; Registration Date: April 10, 2007; and

(40) Title: Designing Curriculum, Instruction, and Assessment, Part 1;  
Class: Performing Arts; Registration No. PA 1-367-790; Registration Date: April 10, 2007.

25. Teachscape does not have authorization, consent, or license to reproduce,  
make derivative works of, or otherwise utilize Laureate's copyrighted AudioVisual and  
Online Course Materials described in paragraph 24 above.

26. Teachscape's course materials are not available to the general public. Instead,  
they are available only to those students who are admitted to the Marygrove degree  
programs or graduate courses. Absent consent, the only means by which Laureate could